

REPORT HIGHLIGHTS PERFORMANCE AUDIT

Subject

Amphitheater Unified School District is located in Tucson and has over 16,400 students in pre-kindergarten through 12th grade. It has 13 elementary schools, 3 middle schools, 3 high schools, and a special education center.

Our Conclusion

The District had high per-pupil costs for administration, transportation, and plant operation. The food service program paid for itself and its cost per meal was about average. Proposition 301 monies were spent appropriately. The District spent only 55.9 percent of its money in the classroom, almost 3 percentage points below the state average. Most desegregation monies were spent on English language learner programs.



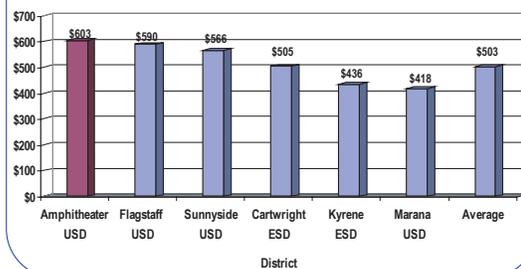
2005

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Administrative Costs

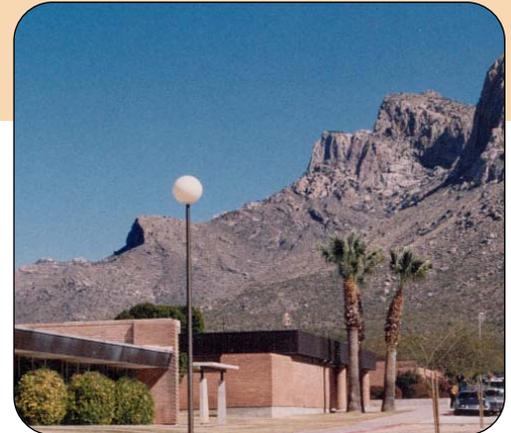
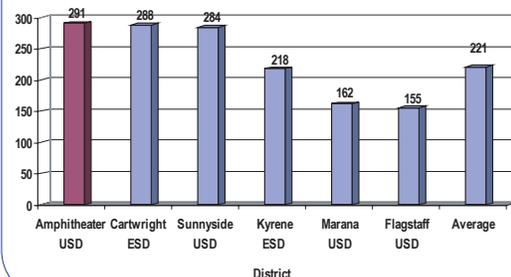
At \$603 per pupil, the District's administrative costs for FY 2004 were higher than any of the comparable districts and 20 percent higher than their \$503 average.

Per-Pupil Administrative Costs
 Fiscal Year 2004



Higher staffing levels—The District's high administration costs can be explained in part by its larger number of

District Staffing Level Comparison
 Fiscal Year 2004



Canyon del Oro High School

administrative positions. The District had 70 more administrative positions than the comparable districts' average. Forty percent of these additional positions are clerical staff. The District employs 138 clerical staff, while the comparable districts' average was 109.

Significant payments for early retirements—Amphitheater's administrative costs were also high due to \$813,000 in payments made under two early retirement plans. For example, under a plan offered to 195 employees retiring from 1981 to 2001, the District:

- Pays each retiree 25 percent of the employee's final salary for each of 3 years, and a smaller portion over another 7 years
- Pays an average of \$180 per month, per retiree, to subsidize their medical, dental, and life insurance premiums

Recommendation

The District should:

- Review whether administrative staffing levels can be reduced
- Monitor early retirement program costs

Food Service

The District's food service program was self-supporting. In FY 2004, the District generated \$4 million in revenue, over half of which came from federal reimbursements. Of that, \$3.9 million was spent on food service operations.

Low food costs, higher salary costs—The District had the lowest food and supplies costs of the comparable districts, helping it keep its \$1.95 cost per meal a penny lower than the average. The District keeps food costs low by using USDA commodities such as meats and cheeses, and by using

standard menus featuring lower-cost food items, such as pizza and spaghetti.

However, the program's salary and benefit costs are high at 53 percent of revenue. Arizona Department of Education guidelines recommend that food service salaries and benefits not exceed 50 percent of revenue.

Lack of appropriate cash controls—The District's snack bar sales are vulnerable to fraud or error. There is no inventory taken either before or after the lunch period. As a result, the District cannot verify the number of items sold to ensure that all the cash is deposited. Fiscal year 2004 snack bar sales totaled over \$825,000, about 20 percent of total revenues.

Food Service Facts for Fiscal Year 2004

Average cost per meal	\$1.95
Total meals served: (Breakfast, lunch, snacks)	2,183,490
Percentage of students eligible for free and reduced lunch prices	35%
Number of cafeterias	19
Full-time employees	89
Part-time employees	80

Recommendations

The District should:

- Monitor salaries and benefits to achieve a cost ratio under 50 percent
- Require food service staff to inventory snack bar items

Student Transportation

The District subsidized its transportation program by \$383,000, and it had higher-than-average per-rider costs.

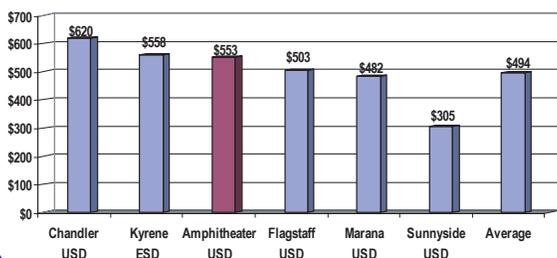
Higher costs despite efficient routes—Bus routing software has helped the District achieve efficient bus routes with an average capacity utilization rate of 80 percent.

However, Amphitheater's \$553 cost per rider was 12 percent higher than the comparable districts' average. These high costs appear to be largely attributable to high contract costs for special needs transportation.

High contract costs—Because it did not have enough buses and drivers, the District contracted for special needs routes with private bus services. The District spent about \$4,290 per rider for 75 riders for these services. Because one vendor could not provide all the required special needs transportation, the District contracted with a second vendor that charged 23 percent more than the first.

The contracted services are more expensive because of inefficient routes and extra charges. The vendors designed their own routes rather than the District prescribing routes using its routing software. In addition, the District allowed vendors to charge extra miles for each route. These extra mileage fees constituted 30 percent of the contract costs.

Comparison of Per-Rider Costs
Fiscal Year 2004



Additional training needed regarding medical conditions—

The District had two medical-related incidents that potentially jeopardized students. In one instance, a bus driver involved in a non-injury accident was cited for driving under the influence. The driver had not followed the medical instructions for taking a prescription narcotic and had failed to report to the District other medications she was taking.

Another driver became aware in October 2004 of a vision impairment that prohibited her from driving a school bus. State law requires drivers to notify their

employer and the Department of Public Safety (DPS), which issues bus driver licenses, of physical impairments. This driver did neither and continued to drive a school bus. At the end of the school year DPS became aware of the condition and ultimately revoked the driver's license in June 2005.

Mileage for state aid overstated—

The District also overstated the student transportation miles driven in 2004. State transportation aid is based on the number of miles driven. Because it reported 20,800 miles more than driven, the District probably received about \$51,000 more in state transportation aid than it should have.

Recommendations

The District should:

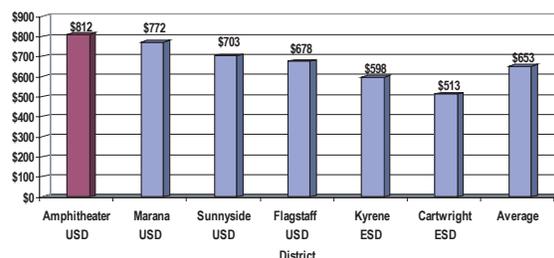
- Take actions to reduce the costs of its special needs transportation contracts
- Ensure drivers are familiar with the conditions that would prevent them from driving and reinforce the need to report changes in physical condition or medical treatments
- Accurately report mileage

Plant Operation and Maintenance

The District's fiscal year 2004 per-student plant operation and maintenance costs were 24 percent higher than the average for the comparable districts. It had higher costs because it operates more square footage per student than the comparable districts. Although its cost per square foot was only slightly higher than the comparable districts' average, Amphitheater operates and maintains 17 percent more square feet per student.

One area in which the District may be able to reduce costs is security staffing. The District employed three times as many security and campus monitoring staff as comparable districts.

Plant Costs Per Student
Fiscal Year 2004



Recommendation

The District should review staffing levels to determine if costs can be reduced

Proposition 301 Monies

Proposition 301 increased the state-wide sales tax by 0.6 percent for 20 years beginning in FY 2001. Proposition 301 designates the money for teachers' base pay increases, performance pay, and certain menu options such as reducing classroom size, providing dropout prevention programs, and additional pay increases.

The District received more than \$4.5 million in Proposition 301 money in FY 2004. Base pay increases for each full-time, eligible employee averaged about \$958. Further, each eligible employee received from \$1,645 to \$1,783 in performance pay and an additional average of \$1,754 from menu monies. New employees received a \$600 signing bonus.

Classroom Dollars

After adjusting for accounting errors, the District's FY 2004 classroom dollar percentage was 55.9, about 3 percentage points lower than the state average of 58.6 percent. Had the District's classroom dollar percentage been at the state average, it would have spent another \$2.6 million, or \$159 per student, in the classroom.

The District's administrative cost percentage was 10.2, higher than the state average of 9.5 percent and higher than the comparable districts' average of 8.4 percent.

TO OBTAIN MORE INFORMATION

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can be obtained by calling
(602) 553-0333



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Contact person for
this report:
Ann Orrico

Desegregation Monies

Because the District was subject to desegregation administrative agreements with the U.S. Department of Education, it received an additional \$4 million in desegregation monies. It used these monies for English language learner (ELL) programs and to ensure equality in the discipline of minority and disabled

students. The desegregation monies provided over 80 percent of the special funding the District receives for ELL programs. This equated to \$1,910 per student for the 1,529 students who were served by the District's ELL programs in fiscal year 2004.